

**HOUSING**  
**RENT SUPPLEMENT PROGRAM**  
**2011 Summary Statement and Initiatives**  
**(Dollars in Thousands)**

<b>RENT SUPPLEMENT PROGRAM</b>	<b>Enacted/ Request</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2009 Appropriation .....	\$8,300 <sup>a/</sup>	\$109,723 <sup>b/</sup>	...	\$118,023	\$7,862	\$46,912
2010 Appropriation/Request .....	9,000 <sup>c/</sup>	110,161 <sup>d/</sup>	...	119,161	9,000	43,245
2011 Request .....	<u>12,396<sup>e</sup></u>	<u>110,161</u>	...	<u>122,557</u>	<u>12,396</u>	<u>39,578</u>
Program Improvements/Offsets .....	+3,396	...	...	+3,396	+3,396	-3,667

a/ Part of the total \$27.6 million in the Omnibus Appropriation Act, 2009 (P.L. 111-8). The balance of the appropriation (\$19.3 million) is in the Rental Housing Assistance program.

b/ Includes carryover of \$104.6 million from fiscal year 2008 into fiscal year 2009 and \$4.8 million recaptures in fiscal year 2009.

c/ Included in the total of \$40 million for contract amendments in the Consolidated Appropriations Act, 2010 (P.L. 111-117); the remaining \$31 million is in the separate Rental Housing Assistance Program.

d/ Includes carryover of \$110.1 million from fiscal year 2009 into fiscal year 2010.

e/ Included in the total request of \$40.6 million for contract amendments; the remaining \$28.2 million is in the separate Rental Housing Assistance Program.

**Summary Statement**

HUD requests \$12.4 million to provide Amendments to State-aided Rent Supplement projects in fiscal year 2011. Amendment requirements under the Section 236 RAP Program are also funded under the Other Assisted Housing heading. The total budget request under the Other Assisted Housing heading is \$40.6 million, including \$12.4 million for Rent Supplement and \$28.2 million for Section 236 RAP. This is proposed to be offset by a \$40.6 million rescission from Other Assisted Housing balances.

Section 101 of the Housing and Urban Development Act of 1965, as amended, authorized rent supplements on behalf of needy tenants living in privately owned housing. This program also was used to provide additional "piggyback" rental assistance to a portion of the units in Section 236 projects, including State Agency developed non-HUD-insured projects. Eligible tenants pay 30 percent of the rent or 30 percent of their income toward the rent, whichever is greater. The difference between the tenant payment and the economic rent approved by the Department is made up by a Rent Supplement payment provided directly to the project owner. The program was replaced by Section 8 and the only new commitments since then have been for amendments to contracts on State-aided, non-insured projects.

Rent supplement contracts were the same length as the mortgage. As rents escalated in the 1980s, contract funds were insufficient to subsidize units for the full-term of the contracts. Most insured and 202 projects converted their Rent Supplement assistance to Section 8 assistance during the 1980s. However, about 271 active Rent Supplement contracts with 13,683 rent supplement units remain in HUD's inventory as of March 2009. Most of these are associated with non-insured State-aided Section 236 projects.

## Rent Supplement Program

Since 1983, these amendments were supported with funding under the authority of a Supplemental Appropriations Act. The supplemental appropriation provided set-asides in both the Rent Supplement and the related Rental Housing Assistance Program account to amend State-aided, non-insured contracts for cost increases. Beginning in fiscal year 2006, new appropriations for amendments have been provided through annual appropriations as needed. The Department believes this approach represents a more efficient use of limited resources and significantly reduces unexpended balances. In addition, the Department has switched the basis for these amendments to a budget authority basis, from the former contract authority methodology which reduces funding requirements and estimating errors.

Rent Supplement Program

**HOUSING  
RENT SUPPLEMENT PROGRAM  
Summary of Resources by Program  
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2009 Budget Authority</u>	<u>2008 Carryover Into 2009</u>	<u>2009 Total Resources</u>	<u>2009 Obligations</u>	<u>2010 Budget Authority/ Request</u>	<u>2009 Carryover Into 2010</u>	<u>2010 Total Resources</u>	<u>2011 Request</u>
Amendments to State								
Agency RS Contracts ..	\$8,300	\$109,723	\$118,023	\$7,862	\$8,910	\$110,161	\$119,071	\$12,272
Transformation								
Initiative .....	...	...	...	...	90	...	90	124
Total .....	8,300	109,723	118,023	7,862	9,000	110,161	119,161	12,396

**2009 Budget Authority.** It is part of a total of \$27.6 million appropriated for contract amendments, pursuant to the Omnibus Appropriations Act, 2009 (P.L.111-8). The balance (\$19.3 million) is in the Rental Housing Assistance Program.

**2008 Carryover into 2009.** Includes carryover of \$104.6 million from fiscal year 2008 and \$4.8 million of recaptures in 2009.

**2010 Budget Request.** Nine million dollars of the total \$40 million provided for Rent Supplement amendment requirements.

**2009 Carryover into 2010.** Includes carryover of \$110.1 million from fiscal year 2009.

**2011 Budget Request.** Out of the total request of \$40.6 million, \$12.3 million is anticipated for Rent Supplement amendment requirements. The remaining \$28.2 million is reflected in the Section 236 Rental Housing Assistance Program.

<u>FTE</u>	<u>2009 Actual</u>	<u>2010 Estimate</u>	<u>2011 Estimate</u>
Headquarters .....	2	2	2
Field .....	4	4	4
Total .....	6	6	6

Rent Supplement Program

**HOUSING  
RENT SUPPLEMENT PROGRAM  
Program Offsets  
(Dollars in Thousands)**

<b>Amendments to State Agency RS Contracts</b>	<b><u>Amount</u></b>
2009 Appropriation .....	\$8,300
2010 Appropriation/Request .....	8,910
2011 Request .....	<u>12,272</u>
Program Improvements/offsets .....	+3,362

**2009 Appropriation.** Of the \$27.6 million provided by the Omnibus Appropriation Act, 2009 (P.L.111-8), \$8.3 million is for Amendments to State-aided Rent Supplement Contracts.

**2010 Appropriation.** Of the \$40 million provided by the Consolidated Appropriations Act, 2010 (P.L. 111-117), \$9 million is for Amendment activity for Rent Supplement Contracts.

**2011 Request.** In fiscal year 2011, \$12.3 million is requested for Amendment activity for Rent Supplement Contracts.

**Proposed Actions.** For Amendments to State-aided Rent Supplement Contracts \$12.3 million is requested.

Rent Supplement Program

**HOUSING  
RENT SUPPLEMENT PROGRAM  
Program Offsets  
(Dollars in Thousands)**

<b>Transformation Initiative</b>	<b><u>Amount</u></b>
2009 Appropriation .....	...
2010 Appropriation/Request .....	\$90
2011 Request .....	<u>124</u>
Program Improvements/Offsets .....	+34

**Proposed Actions**

The Transformation Initiative allows the Secretary the necessary flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. Up to 1 percent of the funds appropriated for the Rent Supplement account will be transferred to the Transformation Initiative account to undertake research, demonstrations, technical assistance, and technology improvements.

Rent Supplement Program

**HOUSING  
RENT SUPPLEMENT PROGRAM  
Justification of Proposed Changes in Appropriations Language**

The fiscal year 2011 President's Budget includes proposed changes in the appropriations language listed and explained below. New language is italicized and underlined, and language proposed for deletion is bracketed.

**OTHER ASSISTED HOUSING PROGRAMS  
RENTAL HOUSING ASSISTANCE**

*For amendments to contracts under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s) and section 236(f)(2) of the National Housing Act (12 U.S.C. 1715z-1) in State-aided, non-insured rental housing projects, [~~\$40,000,000~~] \$40,600,000, to remain available until expended.*

**RENT SUPPLEMENT  
[~~(RESCISSION)~~](CANCELLATION)**

Of the amounts recaptured from terminated contracts under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s) and section 236 of the National Housing Act (12 U.S.C. 1715z-1) [~~\$72,036,000~~] \$40,600,000 are [~~rescinded~~] *hereby permanently cancelled*: *Provided, That no amounts may be [~~rescinded~~] cancelled from amounts that were designated by the Congress as an emergency requirement pursuant to the Concurrent Resolution on the Budget or the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. (Department of Housing and Urban Development Appropriations Act, 2010.)*

**Explanation of Changes**

This language includes amendment funding for both the Rent Supplement (\$9.0 million) and the Rental Housing Assistance Payment (\$31.0 million) programs. The Budget also proposes an offsetting cancellation of \$40.6 million in recaptured budget authority from terminated Rent Supplement and RAP assistance contracts.

Rent Supplement Program

**HOUSING  
RENT SUPPLEMENT PROGRAM  
Crosswalk of 2009 Availability  
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2009 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2009 Resources</u>
Amendments to State Agency RS						
Contracts .....	\$8,300	...	...	...	\$109,723	\$118,023
Transformation Initiative .....	...	...	...	...	...	...
Total .....	8,300	...	...	...	109,723	118,023

Rent Supplement Program

**HOUSING  
RENT SUPPLEMENT PROGRAM  
Crosswalk of 2010 Changes  
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2010 President's Budget Request</u>	<u>Congressional Appropriations Action on 2010 Request</u>	<u>2010 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2010 Resources</u>
Amendments to State Agency RS						
Contracts .....	\$9,000	\$8,910	...	...	\$110,161	\$119,071
Transformation Initiative .....	...	90	...	...	...	90
Total .....	9,000	9,000	...	...	110,161	119,161